



## **GENERAL ASSEMBLY OF THE STATE OF TENNESSEE FISCAL REVIEW COMMITTEE**

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### **Rep. Charles Curtiss, Chairman**

Representatives

Harry Brooks	Mary Pruitt
Curt Cobb	Donna Rowland
Dennis Ferguson	David Shepard
Frank Niceley	Curry Todd
Craig Fitzhugh, <i>ex officio</i>	
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### **Sen. Don McLeary, Vice-Chairman**

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Steve Cohen	
Douglas Henry, <i>ex officio</i>	
Lt. Governor John S. Wilder, <i>ex officio</i>	

## **FISCAL REVIEW COMMITTEE QUARTERLY REPORT FOR THE PERIOD ENDING MARCH 31, 2006**

On January 23, 2006, the Committee heard testimony from the Tennessee State Veterans' Homes Board (TSVHB) concerning multiple, multi-year repeat audit findings. Mr. Rod Wolfe, Executive Director of the TSVHB concurred with the repeat findings and described corrective actions that were being implemented. The State Funding Board hired the Horne Group CPA to help resolve these audit findings. The Horne Group reviewed policies and procedures for adequacy, resolving old uncollectible accounts receivables, reconciling facility property records to financial records, and performing internal audits.

On February 13, 2006, the Committee heard testimony from the Department of Environment of Conservation on the underground storage tank program. Mr. Larry Lance, Assistant Commissioner for Finance and Administration with the Department of Environment and Conservation discussed all nine repeat findings. Several changes have been implemented and the department will report the corrective actions that have been taken on the repeat audit findings.

In addition, Dr. Charles Manning, Chancellor of the Tennessee Board of Regents (TBR) reported on salary increases for campus Presidents. Chancellor Manning stated that compensation plans are required of all institutions, and TBR's authority to approve pay increases resulted from a compensation amendment in the FY1999-2000 appropriations bill on compensation. A Board Committee on Compensation was formed to analyze and recommend action on the pay increases to the full Board. The pay increases are intended to bring salaries for faculty and staff to peer levels and/or market targets, consistent with availability of funds.

**Non-Competitive Contract Review.**

The Committee, through the Contract Services Subcommittee, reviewed and commented on 31 proposed non-competitive state contracts and contract amendments with a term of more than one year and a cumulative value of at least \$250,000. Twenty-eight of these contracts were approved; two with stipulations for changes that approval was conditioned upon. The Committee voted not to make a recommendation on three contracts.

**Other Activities.**

The Committee staff assisted the Senate and House Education Committees in their investigation of alleged financial irregularities involving the Tennessee School Boards Association and its former executive director. The staff made recommendations for potential legislative changes to provide greater accountability in the handling of public funds by this non-profit organization.

During the special session on Ethics the Committee staff completed 23 fiscal notes and 25 fiscal memorandums for the proposed legislation that was filed. The Committee staff during this quarter completed 1,709 fiscal notes during this and 111 fiscal memorandums on amendments.

If you need copies or additional information concerning any of the above matters, please let us know or contact James W. White, Executive Director, at (615) 741-2564. We appreciate the cooperation provided by the various state entities during the review process.

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